

Message Text

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ACTION EUR-12

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SUBJ: MEDIA REACTION -- POTASH

THE NORTHERN MINER EDITORIAL "THE DISTORTING MIRROR" IN THE
NATIONAL MINING WEEKLY'S JULY 22 ISSUE REACTS TO SASKATCHEWAN'S
NEW BOOKLET ON POTASH:

"ANOTHER EXCELLENT INSTANCE OF THE NEVER-ENDING AUDACITY
OF ELECTED PERSONS HAS COME TO LIGHT RECENTLY IN THE PROVINCE
OF SASKATCHEWAN. IT TAKES THE FORM OF A BOOKLET, ILLUSTRATED
AND IN COLOR, PUBLISHED UNDER THE AUTHORITY AND NAME OF THE HON.
ED WHELAN, MINISTER OF MINERAL RESOURCES, AND CARRIES AN
INTRODUCTION, WITH THE COLOR PHOTOGRAPH OF THE PREMIER, THE
HON. ALLAN BALKENEY. IT IS ENTITLED 'POTASH: CHALLENGE FOR
DEVELOPMENT.' IT CAN BE PURCHASED FOR ONE DOLLAR, THOUGH
OBVIOUSLY IT COST FOUR OR FIVE TIMES THAT AMOUNT TO PRODUCE.

ON THE SURFACE, IT WOULD APPEAR TO BE THE SASKATCHEWAN
GOVERNMENT'S EXPLANATION OF THEIR STANCE IN PROPOSING TO
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TAKE OVER PART OR ALL OF THE PRIVATELY OWNED POTASH MINES AND

RUN THEM UNDER THE CONTROL OF A RECENTLY ESTABLISHED PROVINCIAL CROWN CORPORATION, THE PTASH CORPORATION OF SASKATCHEWAN, FORMED IN FEBRUARY 1975.

THE BOOKLET IS LAVISHLY ILLUSTRATED WITH PHOTOGRAPHS, CHARTS AND GRAPHS. IT GIVES SOME FACTUAL INFORMATION CONCERNING THE MINERAL POTASH, ITS USES, ITS CURRENT MARKETS AND THE HISTORY OF THE DEVELOPMENT OF POTASH MINING IN THE PROVINCE. SO FAR, SO GOOD. BUT THEN IT PROCEEDS TO DIVERGE FROM THE STRAIGHT AND NARROW PATH AND SLANTS OFF INTO APOLOGETICS FOR THE EXTRAORDINARY, AND AS THE PRIVATE PRODUCERS BELIEVE, THE ILLEGAL PROCEDURES OF THE PROVINCIAL GOVERNMENT. THE FACADE OF IMPARTIALITY WEARS VERY THIN, AND THROUGH IT ONE CAN SEE THE QUALMS OF A GOVERNMENT WHSE ACTIONS HAVE BEEN CHALLENGED VIGOROUSLY IN THE COURTS.

IT MAKES A GREAT SONG AND DANCE ABOUT THE NON-PAYMENT OF TAXES BY THE PRODUCING COMPANIES AND THEIR RELUCTANCE OR REFUSAL TO DISCLOSE COMPANY FIGURES REGARDING SALES EXPENSES AND PROFITS.

IN EARLIER MONTHS, WHEN THE SASKATCHEWAN GOVERNMENT WAS PROPOSING TO DEVELOP A NEW MINE OF ITS OWN, THE REASONS FOR SUCH RELUCTANCE WERE OBVIOUS ENOUGH. THEN IT CHANGED ITS TACTICS AND DECIDED TO TAKE OVER MINES EITHER BY NEGOTIATION OR, AS A LAST RESORT, EXPROPRIATION, THE TWO GROUNDS OF COMPLAINT AGAINST THE INDUSTRY NO LONGER EXIST; BUT IT IS NOT STATED IN THE BOOKLET.

ANOTHER IMPORTANT ASPECT OF THIS WHOLE AFFAIR RECEIVES NO MENTION.

THE MAJORITY OF THE COMPANIES ARE SUING THE SASKATCHEWAN GOVERNMENT FOR BREACH OF CONTRACT. IN THEIR ORIGINAL CONTRACTS, SIGNED WHEN MR. TOMMY DOUGLAS WAS PREMIER OF THE PROVINCE, IT WAS AGREED THAT THE RATES OF ROYALTIES WOULD REMAIN FIXED UNTIL 1980. SINCE THEN, UNDER THE PRESENT NDP GOVERNMENT, THE RATES HAVE BEEN VASTLY INCREASED, AND THE INJURY AGGRAVATED BY OTHER TAXES PILED ON TOP.

ALSO, IT IS NOTABLE THAT NO MENTION AT ALL IS MADE OF THE DAMAGE DONE NATIONALLY AND INTERNATIONALLY. WHEN THE NEW LEADER OF THE PROGRESSIVE CONSERVATIVE PARTY, MR. JOE CLARK, WENT TO UNCLASSIFIED

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WASHINGTON TO PAY A COURTESY VISIT, HE WAS SURPRISED TO LEARN THAT POTASH AND THE ACTIONS OF THE SASKATCHEWAN GOVERNMENT WERE HIGH ON THE LIST OF FRICTIONS BETWEEN THE U.S. AND CANADA. THE NEW U S AMBASSADOR TO CANADA, MR. ENDERS, HAS MADE VIGOROUS PROTEST; AND THE MINISTER OF INDUSTRY, TRADE AND COMMERCE, THE HON. ALASTAIR GILLESPIE, HAS STATED THAT CANADA'S REPUTATION ABROAD AS A DESIRABLE COUNTRY FOR FOREIGN INVESTMENT HAS SUFFERED MUCH HARM AS THE RESULT OF THE THREATENED ACTIONS OF THE PROVINCIAL

GOVERNMENT.

THESE AND MANY OTHER ASPECTS OF THE CASE ARE COMPLETELY
IGNORED IN THE BOOKLET. THIS, ONE WOULD EXPECT AS SEEMS
CLEAR, IS A POLITICAL PAMPHLET DIRECTED AT SASKATCHEWAN
VOTERS WITH AN EYE ON THE NEXT ELECTION. AND IT IS PAID FOR
BY TAXPAYERS' MONEY'

GREAT AND WONDROUS ARE THE MANOEUVERINGS OF GOVERNMENTS"
CANTWELL

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